

County Cost Plan Overview

November 2014



Controller *John Chiang*

California State Controller's Office

Overview

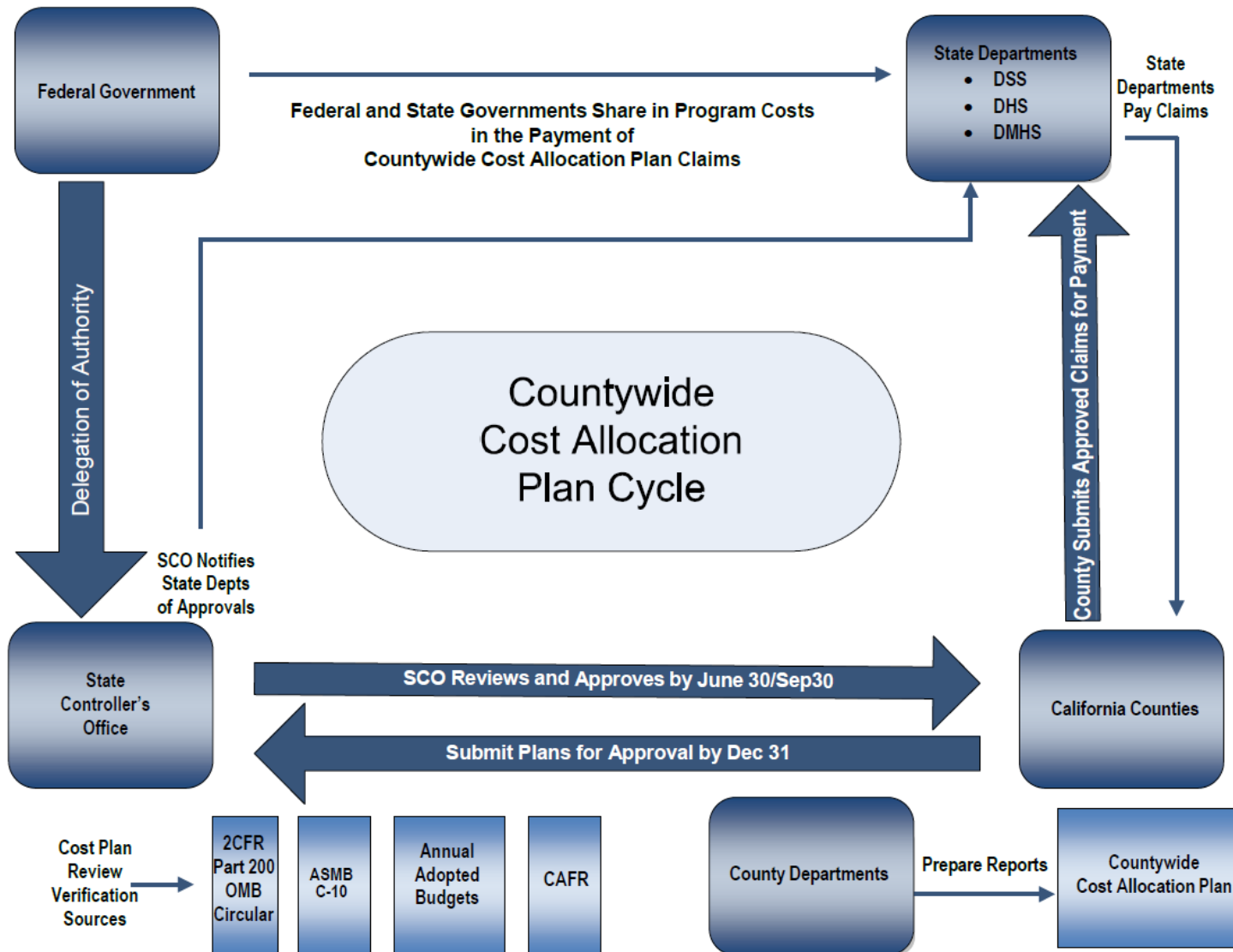
- SCO Authority Over Cost Plans
- Countywide Cost Allocation Plan Cycle
- Cost Plan Review Process
- Super Circular
- Common Findings
- Conclusion
- Cost Plan Assignments
- Q&A



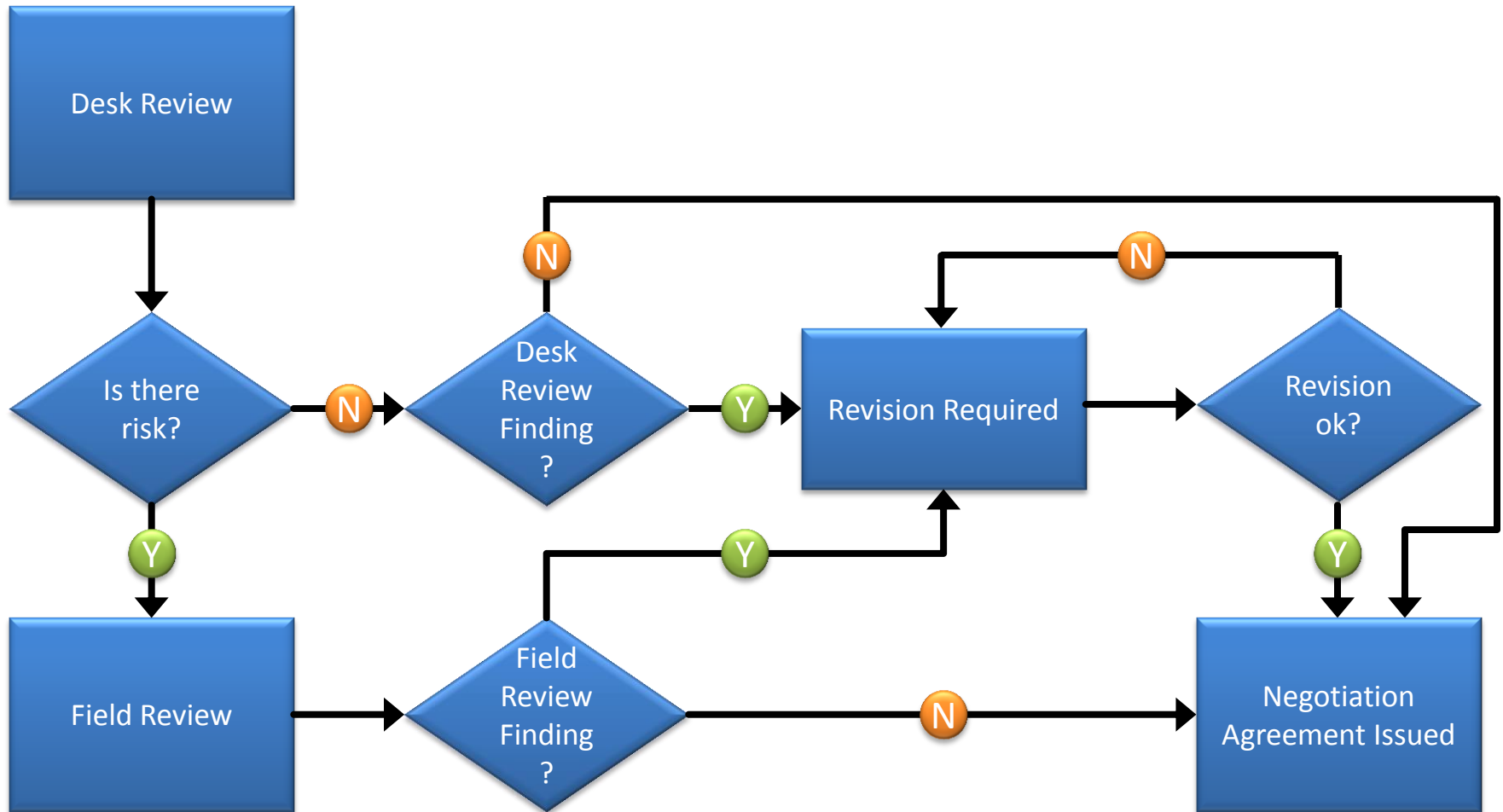
State Controller's Office (SCO) Authority Over Cost Plans

- Federal Office of Management and Budget (OMB) has designated the California Department of Health and Human Services (DHHS) as the agency assigned cognizance for the State of California's Statewide Cost Allocation Plan; it has also assigned cognizance to DHHS for the countywide cost allocation plans of all 58 California counties.
- In December 1971, DHHS delegated cognizance authority for California counties to the Director of the California Department of Social Services (DSS).
- In January 1974, DSS re-delegated this authority to the SCO, where it has remained. This authority does not include the responsibility for approving indirect cost rate proposals of county departments.





Cost Plan Review Process



Cost Plan Review Process

Date	Event
November 30 th	Extension requests must be submitted to SCO
December 31 st	Cost Plans are due to SCO
January 31 st	Cost Plans with extensions are due to SCO
June 30 th	Deadline for SCO to approve Cost Plans submitted timely
September 30 th	Deadline for SCO to approve all submitted Cost Plans
October 15 th	State Department of Social Services processes 1 st quarter Cost Plan claims



Super Circular

Effective December 26, 2014 Super Circular supersedes the following:
A-21, A-50, A-87, A-89, A-102, A-110, A-122, A-133

Final guidance covers all aspects of federal grants:

- Administrative rules
- Cost principles
- Single Audit requirements



Super Circular

Cost Principles changes – Use Allowance:

- Use allowance for existing items will no longer be allowed once the item has been fully depreciated.
- Effective 12/26/2014, depreciation will be used on any new items moving forward from that point on. In other words, if the county is currently claiming use allowance for a building, it may continue to do so until the building is fully depreciated or switch to the county's depreciation method for capitalized costs if it wishes.
- Any buildings or building improvements acquired after 12/26/2014, will use the county's depreciation method for capitalized costs.



Super Circular

Unallowable Costs:

- **Use allowance**
- **Entertainment and employee morale**
- Alcoholic beverages
- Uncollectible debts
- Contingency reserves
- Contributions
- Fund raising
- Goods or services for the personal use
- Under recovery on other federal grants



Common Findings

- County Self-Insurance Programs
 - Third Party Actuarial Report
 - Confidence Levels
- Internal Service Fund
 - A working capital reserve as part of retained earnings of up to 60 days cash expenses for normal operating purposes is considered reasonable.
 - A working capital reserve exceeding 60 days may be approved by the cognizant Federal agency in exceptional cases.
- Allocation basis
 - Direct billings
 - Time studies

Conclusion

- Training December 10, 2014 to be held in Sacramento, CA
- Handbook/Supplemental Checklist update
- SCO Website: http://www.sco.ca.gov/ard_county_cost_allocation.html



Cost Plan Assignments

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GLENN	FRESNO	MADERA	MONTEREY
HUMBOLDT	KERN	MARIPOSA	ORANGE
IMPERIAL	KINGS	MERCED	RIVERSIDE
LAKE	LASSEN	MONO	SACRAMENTO
MENDOCINO	MODOC	NAPA	SAN FRANCISCO
NEVADA	PLACER	SAN DIEGO	SAN JOAQUIN
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TRINITY	SOLANO	SONOMA	TEHAMA
YOLO	VENTURA	SUTTER	TULARE
		YUBA	TUOLUMNE



Any Questions?

